

AAT Level 2 Introduction to Bookkeeping Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 - 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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- 1. If the debit total is greater, the carried down balance is on which side for the next period?**
 - A. Credit side**
 - B. Debit side**
 - C. Neither side**
 - D. Both sides**

- 2. What does the subsidiary payables ledger contain?**
 - A. Individual trade payables**
 - B. Total trade payables**
 - C. Bank balances**
 - D. Inventory records**

- 3. Entries will be made into the payables ledger control account from which book?**
 - A. Purchases day book**
 - B. Sales day book**
 - C. Cash book receipts**
 - D. Bank reconciliation file**

- 4. In a petty cash arrangement, which statement is true about payments?**
 - A. Every payment is supported by a petty cash voucher**
 - B. No documentation is required for petty cash payments**
 - C. Petty cash payments do not affect the general ledger**
 - D. Petty cash is never replenished**

- 5. Which statement about a credit note is correct?**
 - A. If a customer returns goods they are issued.**
 - B. A note used to request payment.**
 - C. A note used to record new credit terms.**
 - D. A note used to confirm delivery.**

- 6. Are cash book payments, which reduce the cash in the bank, debits or credits?**
- A. Credit**
 - B. Debit**
 - C. Neither**
 - D. Both**
- 7. Which item identifies a specific sales transaction on an invoice?**
- A. Invoice date**
 - B. Invoice number**
 - C. Net amount**
 - D. VAT amount**
- 8. Which ledger would you consult to see how much customers owe you?**
- A. Receivables ledger**
 - B. Payables ledger**
 - C. General ledger**
 - D. Cash book**
- 9. Zero rate VAT applies to which of the following categories?**
- A. Books and children's clothes**
 - B. Fresh fruit**
 - C. Gas**
 - D. Cars**
- 10. What is the VAT amount on a net value of 200 with 20% VAT?**
- A. 40**
 - B. 20**
 - C. 60**
 - D. 0**

Answers

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1. A
2. A
3. A
4. A
5. A
6. A
7. B
8. A
9. A
10. A

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Explanations

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1. If the debit total is greater, the carried down balance is on which side for the next period?

- A. Credit side**
- B. Debit side**
- C. Neither side**
- D. Both sides**

When balancing a ledger account, you equalize the two sides by placing the difference on the opposite side. If the debit total is greater, the account has a debit balance, and you insert the balancing figure on the credit side to bring the totals together. That balancing figure is the balance carried down for the next period, and it sits on the credit side as Balance c/d. In the new period, you bring that balance down to the debit side as Balance b/d to start the period. For example, if debits total 1,200 and credits total 900, you add 300 on the credit side to balance; the carried-down balance is 300 on the credit side, and it will be brought down on the debit side next period.

2. What does the subsidiary payables ledger contain?

- A. Individual trade payables**
- B. Total trade payables**
- C. Bank balances**
- D. Inventory records**

The subsidiary payables ledger contains the individual trade payables for each supplier. It records what is owed to each creditor on a supplier-by-supplier basis, including invoices, payments, and any credits, so you can see the balance with every supplier. The sum of all these individual balances equals the total trade payables shown in the general ledger control account. Bank balances and inventory records belong in other ledgers, not in the payables subledger.

3. Entries will be made into the payables ledger control account from which book?

- A. Purchases day book**
- B. Sales day book**
- C. Cash book receipts**
- D. Bank reconciliation file**

The payables ledger control account reflects amounts the business owes to suppliers for credit purchases. When a purchase is made on credit, it creates a liability to the supplier, which is recorded by crediting the payables control account and debiting the purchases (or inventory) account. This posting comes from the purchases day book, which records all credit purchases. The other books aren't sources of these liability postings: the sales day book covers credit sales to customers, the cash book receipts relate to cash received, and the bank reconciliation file is used for reconciling bank statements, not posting to ledgers.

4. In a petty cash arrangement, which statement is true about payments?

- A. Every payment is supported by a petty cash voucher**
- B. No documentation is required for petty cash payments**
- C. Petty cash payments do not affect the general ledger**
- D. Petty cash is never replenished**

Petty cash is an imprest fund used for small, day-to-day expenses, and every payment from that fund must be backed by a voucher. The voucher records who was paid, the amount, the date, and the purpose of the expense, which creates an audit trail and helps control spending. When you replenish the fund, you use the total of the vouchers to debit the appropriate expense or supplier accounts and credit the cash/bank to restore the fund back to its fixed imprest amount. This is why the statement that every payment is supported by a petty cash voucher is correct. The other ideas aren't accurate: there is documentation required for petty cash payments, petty cash transactions do affect the general ledger when expenses are recorded and the fund is replenished, and the fund is replenished to maintain the imprest balance.

5. Which statement about a credit note is correct?

- A. If a customer returns goods they are issued.**
- B. A note used to request payment.**
- C. A note used to record new credit terms.**
- D. A note used to confirm delivery.**

A credit note is a document that acknowledges a reduction in the amount a customer owes. It is issued when goods are returned or when the seller grants a price adjustment or allowance after the original sale. In bookkeeping terms, it reverses part of the sale, reducing both the revenue recorded and the customer's accounts receivable balance (and, if VAT was charged, adjusts the VAT accordingly). This is why the statement about issuing a credit note when a customer returns goods is correct. It's not used to request payment—that role belongs to an invoice or payment demand. It also isn't used to record new credit terms, which would be handled by a contract or amendment. And it isn't used to confirm delivery; a delivery note serves that purpose.

6. Are cash book payments, which reduce the cash in the bank, debits or credits?

- A. Credit**
- B. Debit**
- C. Neither**
- D. Both**

When something decreases an asset, it is recorded as a credit. The bank balance is an asset, so a payment that reduces cash in the bank is a credit entry. In the cash book, payments are written on the right-hand side, which represents credits for the bank account. The opposite side would be used for receipts, which increase the bank balance. So cash book payments are credits. For example, paying a supplier reduces cash (credit to Bank) and increases an expense (debit to the expense).

7. Which item identifies a specific sales transaction on an invoice?

- A. Invoice date
- B. Invoice number**
- C. Net amount
- D. VAT amount

In bookkeeping, you need a unique reference to pick out exactly which sale a document refers to. The item that serves this purpose on an invoice is the invoice number—the unique identifier assigned to that specific sale. It lets you distinguish this sale from every other sale, and it's the reference you use to match payments and files. The date shows when the sale happened, but several invoices can share the same date, so the date doesn't uniquely identify a single transaction. The net amount is the total before tax, and the VAT amount is the tax portion; neither uniquely identifies which sale it is.

8. Which ledger would you consult to see how much customers owe you?

- A. Receivables ledger**
- B. Payables ledger
- C. General ledger
- D. Cash book

Amounts owed by customers are tracked in the receivables ledger, which lists each debtor and their outstanding balance. This is the place to check how much customers as a whole owe you and to see the balance for each individual customer. The totals in the receivables ledger usually match the accounts receivable control account in the general ledger, helping you monitor overall liquidity and aging of debts. The other ledgers serve different purposes: the payables ledger records what you owe to suppliers, the general ledger is the main compilation of all accounts but doesn't show the detailed customer balances, and the cash book records actual cash receipts and payments rather than outstanding customer balances.

9. Zero rate VAT applies to which of the following categories?

- A. Books and children's clothes**
- B. Fresh fruit
- C. Gas
- D. Cars

Zero rate VAT means you charge 0% VAT on the sale, so the customer pays the price without any VAT added. The items that are classically treated as zero-rated are books and children's clothing, which is why this pair is the best example: they're designated to be sold without VAT to support access to reading and to help families with essential clothing. Gas and cars are not zero-rated; they carry the standard VAT rate, so VAT is added to their prices. Fresh fruit is usually considered basic food and, depending on the regime, may be zero-rated as well, but books and children's clothing are the clear, commonly cited examples used to illustrate zero-rated goods.

10. What is the VAT amount on a net value of 200 with 20% VAT?

A. 40

B. 20

C. 60

D. 0

Calculating VAT on a net amount means applying the VAT rate to the net value. With a net value of 200 and a VAT rate of 20%, the VAT is $200 \times 0.20 = 40$. So the VAT amount is 40. If you needed the total price including VAT, it would be $200 + 40 = 240$. The other numbers don't fit because they don't equal 20% of 200 (for example, 60 would be 30% of 200; 0 would mean no VAT).

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Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://aatlvl2introtobookkeeping.examzify.com>

We wish you the very best on your exam journey. You've got this!

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